



Congress of the United States
House of Representatives

Rep. Bill Pascrell, Jr.

**Committee on Ways and Means Sub-Committee on Select Revenue Hearing on Certain
Expiring Tax Provisions**

Testimony of Rep. Bill Pascrell, Jr.

4/26/2012

Chairman Tiberi, Ranking Member Neal, thank you for this opportunity to address tax issues of great importance to my district, as well as thousands of communities across this country. It is imperative that we use this opportunity to discuss what should be the priorities of this Congress, job creation and growing our middle class. Unfortunately, this hearing has excluded from discussion numerous tax provisions that touch almost every aspect of the lives of millions of American families and all of the American economy.

First, second and third, we should be speaking of ways to patch and ultimately eliminate the Alternative Minimum Tax (AMT). This provision, first enacted to ensure that the wealthiest Americans pay their fair share of taxes, now affects the middle class. Unfortunately, the Tax Cuts of 2001 and 2003 decreased marginal tax rates without making corresponding changes to AMT rates, thus lowering the triggered AMT eligibility. This resulted in a system where every year, thousands of middle class taxpayers in northern New Jersey who do not have very high incomes or participate in numerous special tax benefits, could be subject to the AMT. While approximately 4.5 million families were subject to the AMT in 2009, there are upwards of 30 million families that could pay thousands more in taxes this year if we do not act soon.

Another important issue to the individuals living in northern New Jersey, and especially those affected by Hurricane Irene, is reforming the tax treatment of Presidentially Declared Natural Disaster areas. Past instances of disaster-specific relief have delayed or complicated victims' and businesses' ability to receive the aid they need. Reinstating the Disaster Tax Act of 2011 (H.R. 2718), will help the Federal government efficiently and quickly respond to the areas of need through the tax code.

We should also be looking at proven methods of rebuilding our infrastructure through alternative financing mechanisms. I am the sponsor of The Sustainable Water Infrastructure Act of 2011 (H.R. 1802), which will unleash \$50 billion in private capital for upgrades to our water and wastewater infrastructure, by removing the caps placed on the amount of Private Activity Bonds that states can issue for these projects. A method of helping to finance projects like upgrades to water and wastewater utilities is found in another expired tax provision, which would add Federal Home Loan Banks to the list of Government Sponsored Enterprises that can credit enhance tax-exempt municipal bond (H.R. 692). We should also discuss the importance of Build America Bonds that were a successful part of The Recovery Act. In fact, New Jersey received over \$7.3 billion in Build America Bond financing assistance for important improvements to schools, roads and water infrastructure.

I have always believed that our economic crisis started with housing, and it will end with housing. Recently, forty-nine states' attorneys general and five of the largest mortgage lenders agreed to a \$25 billion settlement, including over \$762 million in New Jersey, with the majority going towards allowing homeowners to refinance their mortgages at historically low interest rates. While this is an important step forward in helping to rebuild our housing market, this could also lead to homeowners who receive this relief paying possibly thousands of dollars in unexpected taxes. Thus, we must move to extend the Mortgage Forgiveness Debt Relief Act (H.R.4202), which precludes from income the debt forgiveness on mortgages.

We should also work to rebuild the housing market by extending the deductibility of Mortgage Insurance premiums. Failure to extend this critical deduction could effectively increase the costs of homeownership at a time when we should be focused on stabilizing and growing the housing market.

As we continue our economic recovery, we must look towards new and innovative industries that will provide our economy with good jobs and the ability to produce and export our products throughout the world. This starts with extending the Research and Development Tax Credit (H.R. 942). New Jersey's economy had over \$8 billion worth of research and development in 2009, with tens of billions of dollars in additional positive economic impact that rippled throughout industries including energy, healthcare and engineering.

Additionally, we need to ensure that once we develop novel and innovative technologies, American workers are used to produce and deploy these technologies. With Americans paying historically high prices at the pump, nowhere is new technology needed more than in the energy sector. This includes extending and updating the production and investment tax credits for wind energy (H.R.3307) and biodiesel. New Jersey is poised to be a leader in the offshore wind energy industry. That is why I have introduced the Incentivizing Offshore Wind Power Act (H.R.3238), which understands that there is an extended timeframe for constructing offshore wind farms, and eliminates the need for continuously extending the investment tax credit by making the investment tax credit available for the first 3,000 megawatts of offshore wind placed in service. Without this extension of the investment tax credit, it will be almost impossible to achieve a thriving offshore wind industry in this country and realize the thousands of American jobs we so desperately need.

As we develop and employ technology to reduce our dependence on foreign energy, we should also be looking to ensure that mass transit is a viable and affordable method of commuting. My home state of New Jersey is the most densely populated state in America, with approximately 1,100 people per square mile. That is why 867,000 of my fellow New Jerseyans choose to use N.J Transit, the nation's largest statewide public transit system. These commuters should be provided the same tax benefits that other commuters are able to receive to reduce the cost of commuting, and that is why I support parity for the exclusion from income for employer-provided mass transit (H.R. 2412).

Finally, as we move to ensure that we develop renewable and clean sources of energy, we should still assist in the cleanup of Brownfield sites. One mechanism we can use is to extend the Brownfields Tax Incentive. This incentive has assisted in the environmental cleanup costs of an estimated three hundred and ten sites throughout New Jersey from 2003 through 2009, by making the costs fully deductible in the year incurred.

These provisions are just a sample of what has already expired or what is set to expire at the end of 2012. While I thank you for this opportunity to discuss some of them, I believe that as a full committee, we need to engage in a more thorough discussion that includes testimony from experts and those affected by the inclusion or exclusion of tax provisions. Unfortunately, it seems that politics has taken precedent. I hope that we will be able to revisit this topic sometime soon. Thank you for taking the time to discuss these issues, which I care deeply about.

Sincerely,

A handwritten signature in blue ink that reads "Bill Pascrell Jr." The signature is written in a cursive, flowing style.

Bill Pascrell, Jr.
Member of Congress